

## Message Text

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42

ACTION NEA-10

INFO OCT-01 ABF-01 ISO-00 FS-01 TRSE-00 OMB-01 L-03 H-02

AID-05 /024 W

----- 110850

R 151346Z JAN 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9241

INFO AMCONSUL ALEXANDRIA POUCH

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EO 11652: NA

TAGS: EFIN

SUBJECT: INTEREST ON DEPOSITS OF USG LOCAL CURRENCY

REF: 75 STATE 303532 #

1. IN CONNECTION WITH PAYMENT OF HIGHER INTEREST RATES ON USG ACCOUNTS, EMBASSY HAS TAKEN STEPS DISCUSSED BELOW:

2. AMBASSADOR HAS WRITTEN LETTER TO GOVERNOR OF CENTRAL BANK, ADVISING HIM OF USG DESIRE TO EARN RATE HIGHER THAN 0.5 PERCENT ON ITS DEPOSITS, AND PROPOSING A MEETING TO DISCUSS ISSUE.

3. DEPUTY GOVERNOR HAS BEEN INFORMED ORALLY OF THIS DEMARCHE, WHICH HE HAS INFORMALLY SAID APPEARS REASONABLE, AND IS ALREADY STUDYING HISTORY AND REGULATIONS ON THE SUBJECT.

4. AMBASSADOR HAS ALSO WRITTEN TO CHASE NATIONAL, POINTING OUT SAME FACTS, AND REQUESTING INFORMATION ON AMOUNT CHASE IS PREPARED TO PAY ON FORTHCOMING DEPOSIT OF UP TO LE 10 MILLION. AMBASSADOR HAS DISCUSSED SUBJECT WITH CHASE REPS, WHO POINT OUT THERE IS LITTLE ROOM FOR HIGHER RATE UNDER PRESENT CIRCUMSTANCES, WHICH ALLOWS VERY SMALL MARGIN BETWEEN .08 PERCENT EARNED IN BLOCKED ACCOUNT AND 0.5 PERCENT PAID TO U.S. CHASE REPS HOPE TO GET PERMISSION TO LEND FUNDS OUT, AND

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UNDER THOSE CIRCUMSTANCES, THERE WOULD OF COURSE BE GREATER

OPPORTUNITY TO EARN AND PAY INTEREST.

5. FORMAL NOTE IS ALSO BEING SENT TO MFA, IN ORDER TO HAVE  
OUR CONCERNS PART OF OFFICIAL RECORD.

6. COMMENT: GIVEN CHANGE IN ATTITUDE OF GOE TOWARD USE  
OF PL 480-FUNDS, REFLECTED IN RECENT ACTION TO STERILIZE THEM, IT  
IS UNCLEAR HOW MUCH PROGRESS EMBASSY (OR CHASE) CAN REALISTICALLY  
EXPECT TO MAKE ON THIS ISSUE. WE WILL MAKE A MAJOR EFFORT, HOWEVER,  
TO INSURE THAT EGYPTIANS ARE FULLY AWARE OF CONGRESSIONAL AND GAO  
CONCERN OVER INTEREST EARNINGS. SINCE WE HAVE BIGGER FISH TO FRY  
IN EGYPT, WE DO NOT INTEND TO MAKE THIS A SUBJECT OF POLITICAL  
CONTROVERSY IN OUR RELATIONS, BUT INTEND TO MAINTAIN DISCREET  
PRESSURE WITH A VIEW TO ENCOURAGING A MORE FORTHCOMING GOE  
ATTITUDE.  
EILTS

NOTE BY OC/T: REF 75 STATE 303532 BELIEVED TO BE INCORRECT.

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INTEREST RATES, BANK DEPOSITS, LOCAL CURRENCIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976CAIRO00548  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760015-1086  
**From:** CAIRO  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Line Count:** 79  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 303532  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
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**Review Date:** 03 JUN 2004  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INTEREST ON DEPOSITS OF USG LOCAL CURRENCY  
**TAGS:** EFIN, EG, US  
**To:** STATE  
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